

## Trends

### Ukraine Fixed Income Market Holds Steady; Eurobonds Unchanged, Auction Yields Stable

Ukraine's sovereign Eurobond market remained relatively stable. The Ukraine-2029 issue was unchanged over the week at 83.3 cents on the dollar, implying a yield of 14.4%. Meanwhile, the longer-dated Ukraine-2036 bond gained 0.5% to 66.1 cents on the dollar, bringing its yield to 12.7%.

Among corporate debt securities, Naftogaz's 2028 Eurobond rose 0.5% to 83.4 cents on the dollar, implying a yield of 16.4%. MHP's 2029 Eurobond added 0.2% to 103.4 cents on the dollar, with a yield of 9.3%.

Ukraine's latest domestic government bond auction raised a modest UAH 4.4bn for the state budget. Offered yields remained unchanged at 15.15% for one-year hryvnia bonds and 16.15% for securities maturing in 2029.

In the war news, the UK spy agency GCHQ estimates Russia has suffered 500,000 casualties in Ukraine, including by drone warfare and robots - dubbed "silent death" by Russians. Ukraine has turned to a new arsenal of cutting-edge technology to sustain its ongoing conflict with Russia, as robots, drones and remotely operated tanks provide the embattled nation with a significant boost on the battlefield.

Facing months of mounting manpower shortages and wavering support from the United States, Ukraine has increasingly relied upon technology as its greatest asset in the fight against Russian forces.

President Volodymyr Zelensky announced the first ever capture of a Russian position achieved entirely by robots and drones, with one military unit revealing through prisoner interrogations that enemy troops have come to call these machines "silent death".

Since January, the Ukrainian leader has stated that unmanned vehicles have been responsible for carrying out 22,000 missions.

De-facto, Ukraine has claimed a major breakthrough in its campaign to choke the aggressor war machine. Also, Ukraine is targeting Russian logistics deep behind the front line.

## Highlights

- > Kernel Doubles Net Profit to USD 89mn in January–March

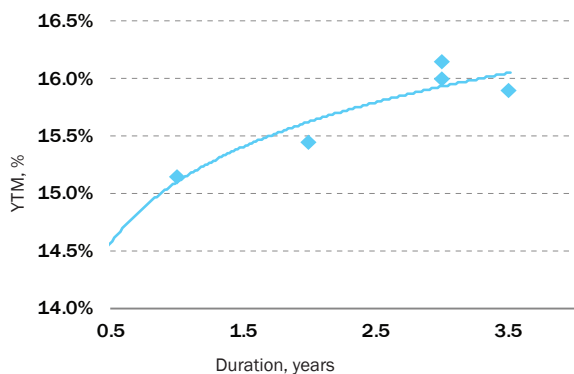
The National Bank of Ukraine has opened a special fundraising account to support the Armed Forces of Ukraine. Please find more at the National Bank's official website under the link below:

[www.bank.gov.ua/en/about/support-the-armed-forces](http://www.bank.gov.ua/en/about/support-the-armed-forces)

The National Bank also opened fundraising account for Humanitarian Assistance to Ukrainians. Please see details under the link below:

[www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine](http://www.bank.gov.ua/en/about/humanitarian-aid-to-ukraine)

### UAH-DENOMINATED BOND YIELD CURVE



Source: Bloomberg, Eavex Capital

### FIXED INCOME

	Last	1W ch	YTD
NBU Key Rate	15.0%	0.0 p.p.	-0.5 p.p.
UAH 1-year bond yield	15.2%	0.0 p.p.	-1.2 p.p.
Ukraine-2029 yield	14.4%	0.1 p.p.	-3.6 p.p.
Ukraine-2036 yield	12.7%	0.0 p.p.	-1.8 p.p.

### OFFICIAL EXCHANGE RATES

	Last, UAH	1W chg.	YTD
USD/UAH	44.27	0.1%	4.4%
EUR/UAH	51.44	0.3%	3.2%

Source: Eavex Capital

## Kernel Doubles Net Profit to USD 89mn in January–March

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### KERNEL (KER PW)

Price: PLN 19.3 Market Cap: USD 1.56bn

	P/B	EV/S	P/E	EV/EBITDA	Div. Yield
FY25	0.7	0.4	6.5	3.7	0.0%
FY26E	0.0	0.4	6.2	3.5	0.0%

## NEWS

Ukrainian agribusiness group Kernel released its financial results for the January–March quarter after market close on May 29.

Net profit for the quarter surged 117% year-on-year to USD 89mn. EBITDA increased 42% to USD 156mn, while revenue edged up 3% to USD 1.2bn.

For the first nine months of its 2025/26 financial year (July 2025–March 2026), Kernel generated revenue of USD 3.1bn, EBITDA of USD 403mn, and net profit of USD 208mn. EBITDA margin stood at 13%, while net profit margin reached 6.7%.

As of March 31, Kernel's net debt totaled USD 157bn, equivalent to just 0.3x trailing EBITDA.

### KERNEL FINANCIAL RESULTS

USD mn	3Q FY25	3Q FY26	YoY	9M FY25	9M FY26	YoY
Net revenue	1,145	1,180	3%	3,092	3,104	0%
EBITDA	110	156	42%	398	403	1%
EBITDA margin	9.6%	13.2%	3.6%	12.9%	13.0%	0.1%
Net Income	41	89	117%	218	208	-5%
Net margin	3.6%	7.5%	4.0%	7.1%	6.7%	-0.3%

Source: Company data,

## COMMENTARY

Kernel's quarterly results were broadly in line with expectations. On a per-share basis, net profit for the July–March period amounted to PLN 2.58y. We forecast full-year earnings per share of PLN 3.08 for the financial year ending in June.

Based on that forecast, Kernel is currently trading at a forward P/E multiple of 6.2x, while its EV/EBITDA valuation stands at 3.5x.

Despite these relatively attractive valuation metrics, Kernel shares have declined 8% since the start of the year and have significantly underperformed MHP, whose stock has gained 33% over the same period.

More broadly, Kernel shares have lost much of their appeal for institutional investors due to squeeze-out and delisting risks. The company's controlling shareholder has consolidated approximately 95% of the outstanding shares, raising concerns over the stock's long-term free float and listing status on the Warsaw Stock Exchange.

At the same time, Kernel remains a popular vehicle for active retail traders seeking exposure to positive news flow related to Ukraine.

In addition, rising global prices for grains and sunflower oil have recently provided support for the stock. Wheat futures have climbed roughly 20% year-to-date on international commodity exchanges.

Kernel's 2027 Eurobonds are currently trading at 94.4 cents on the dollar, implying a yield to maturity of 11.3%.

SELECTED UKRAINIAN EURO BONDS								
Issue	Indicative Price	Price change in one week	YTM, %	Coupon	Maturity Date	Volume USD mn	Currency	Ratings <sup>1</sup>
<b>Sovereign Eurobonds</b>								
Ukraine, 2029	83.3	0.0%	14.4%	4.50%	1 Feb 2029	1,168	USD	Ca/CCC+/CCC
Ukraine, 2030 (B)	69.6	-0.1%	10.4%	-	1 Feb 2030	531	USD	Ca/CCC+/CCC
Ukraine, 2034	68.0	0.3%	13.0%	4.50%	1 Feb 2034	3,150	USD	Ca/CCC+/CCC
Ukraine, 2035	68.3	2.4%	12.5%	4.50%	1 Feb 2035	2,946	USD	Ca/CCC+/CCC
Ukraine, 2036	66.1	0.5%	12.7%	4.50%	1 Feb 2036	2,456	USD	Ca/CCC+/CCC
<b>Corporate Eurobonds</b>								
MHP, 2029	103.4	0.2%	9.3%	10.5%	28 Jul 2029	550	USD	//
Kernel, 2027	94.4	0.1%	11.3%	6.75%	27 Oct 2027	300	USD	//
DTEK Energy, 2027	80.1	-0.9%	23%	5.00%	31 Dec 2027	1,645	USD	//
UkrEnergo, 2028	97.1	0.0%	8.3%	6.875%	09 Nov 2028	825	USD	//
Metinvest, 2029	89.9	0.0%	11.4%	7.75%	17 Oct 2029	500	USD	Caa3//CCC
NaftoGaz, 2028	83.4	0.5%	16.4%	7.625%	8 Nov 2028	500	USD	//
Ukrainian Railways, 2026	77.9	0.6%	n/a	8.25%	9 Jul 2026	500	USD	//

<sup>1</sup> Moody's/S&P/Fitch

Source: Boerse-Berlin, Boerse-Stuttgart. TR Data, Eavex Research

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